

Comptroller's Directive No. 2-06
Attachment 4
Energy Performance Contracts

Purpose

This attachment is used to gather uniform financial reporting information for “Energy Performance Contracts”. The Treasury Board administers the lease financing program for energy efficiency projects. These projects are intended to reduce energy consumption and demand or allow for the use of an alternative energy source. In some cases these projects are funded through escrow financing. These contracts are considered installment purchase obligations of the Commonwealth. A bank account is established for the agency to purchase equipment or pay for other project expenses over a certain period of time.

DO NOT INCLUDE ANY INFORMATION ON THIS ATTACHMENT RELATED TO OTHER TYPES OF INSTALLMENT PURCHASE OBLIGATIONS. ALL OTHER TYPES OF INSTALLMENT PURCHASE OBLIGATIONS SHOULD BE REPORTED ON ATTACHMENT 6.

Applicable agencies

All agencies with obligations related to “Energy Performance Contracts” that are **not** reported on a financial statement template **must** complete this attachment.

Note: If your agency had energy performance activity in fiscal year 2005, please provide the prior year obligation in the beginning balance field and contact DOA. Additional information will need to be obtained from your agency.

The following agencies must key the specified three-digit agency number for all related facilities / agencies:

- The Department of Corrections must aggregate central office and all facilities using 701.
 - The Department of Mental Health, Mental Retardation, and Substance Abuse Services must aggregate central office and all facilities using 720.
 - The Supreme Court of Virginia must aggregate all agencies 103, 111, 112, 113, 114, 115, 116, 125, 160 using 111.
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Due date

August 3, 2006

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**Submission
requirements**

Contact DOA if the agency has any problems with the spreadsheets.

After downloading the files, rename the spreadsheet file using the agency number followed by Att4. For example, agency 151 should rename its Attachment 4.xls file as 151Att4.xls.

Submit the excel spreadsheet electronically to finrept@doa.virginia.gov.
Copy APA via e-mail to APAFinRept@apa.virginia.gov.

Do **not** submit paper copies of these excel spreadsheets.

**Attachment
revisions**

If attachment revisions are made subsequent to DOA acknowledgement of receipt and acceptance of the original attachment submission, **resubmit the revised attachment AND complete the [Revision Control Log Tab](#) in the attachment excel file.**

Enter the revision date, applicable excel file tab name, row number and column letter revised, and the previous and revised information. Document text changes and numerical changes. Only enter changes for amounts actually keyed. For example, if a non-keyed, calculated total changes as a result of the revision, this does not need to be documented on the Revision Control Log.

If the attachment is revised more than once, do not delete control log revision information from the previous revision. Enter the new revision date and the additional revisions in the rows following the initial revision rows. This log should document all revisions from the initial attachment submission.

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Definitions

Energy Performance Contracts –Agreements provided by an approved energy performance contractor which provide a guarantee to significantly reduce energy operating costs of an essential Commonwealth facility through one or more energy conservation or operational efficiency measures.

Installment Purchases – Financing agreements to acquire assets for which title passes immediately to the agency. Financing arrangements covered by the Treasury Board Master Equipment Leasing Program are considered installment purchases.

Lease – A financing agreement in which the title may pass by the end of the lease term, or may not pass at all.

Capitalized Assets – For CAFR financial reporting purposes, capitalized assets are equipment related to projects valued greater than or equal to \$50,000 and buildings/CIP valued greater than or equal to \$100,000.

Controlled Assets – For CAFR financial reporting purposes, controlled assets are equipment related to projects less than \$50,000 and buildings/CIP less than \$100,000.

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**Additional
considerations**

GASBS No. 34 Government-wide Financial Statements

This attachment obtains information to convert the Governmental Fund Statements (modified accrual) to the Government-wide Statements (full accrual). Also, the installment purchase obligation must be reported on the following two separate line items on the Statement of Net Assets: amounts due within one year and amounts due in greater than one year.

LAS and FAACS

Agencies should ensure that installment purchases are NOT included in the Lease Accounting System (LAS) and that the capital assets acquired through these installment purchases are properly recorded in FAACS.

Audit

For audit purposes, prepare and maintain a separate listing of assets acquired under "Energy Performance Contract" related installment purchases.

**Completing
"Debt
Worksheet" tab**

Cells that require input are shaded in light yellow.

Step	Action
	<p>Enter the agency number. This must be done FIRST for the spreadsheet to function properly.</p> <p>Note: The following agencies must key the specified three-digit agency number for all related facilities / agencies:</p> <ul style="list-style-type: none">• The Department of Corrections must aggregate central office and all facilities using 701.• The Department of Mental Health, Mental Retardation, and Substance Abuse Services must aggregate central office and all facilities using 720.• The Supreme Court of Virginia must aggregate all agencies 103, 111, 112, 113, 114, 115, 116, 125, 160 using 111.

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Completing "Debt Worksheet" tab, continued

Step	Action
1	<ul style="list-style-type: none">• Enter a beginning balance. If your agency entered into energy performance contract(s) in fiscal year 2005, contact DOA. DOA will require more information from your agency.• Enter the amount of new “energy performance contract(s)” during fiscal year 2006.• Enter the debt service principal payments made in fiscal 2006 for energy performance contracts.• The ending balance will be computed for the agency. The agency does not have to enter this number. <u>This number MUST agree to the total future principal payments in step 3.</u>
2	<p>Complete the detailed information about the principal and interest debt service payments:</p> <ul style="list-style-type: none">• Enter corresponding amount of principal and interest by fund / fund detail and function.• Total principal MUST agree to the total in Step 1. If not, an ERROR message will appear.• Identify the fund used by your agency to pay energy costs.

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Completing "Debt Worksheet" tab, continued

Step	Action
3	<ul style="list-style-type: none">Enter future principal and interest payments by year for the first five fiscal years indicated, and then in five-year increments thereafter. Total principal payments MUST EQUAL the ending balance in step 1. If not, an ERROR message will appear.
4	<ul style="list-style-type: none">Provide information about any energy contract agreements entered into subsequent to June 30, 2006.

**Completing the
"Fund
Activity" tab**

The contact information is linked to the Debt Worksheet Tab. Cells that require input are shaded in light yellow.

Step	Action
1	<ul style="list-style-type: none">Provide the date of any current year financing agreement that was entered into and the date your agency received the related proceeds.
2	<ul style="list-style-type: none">Provide the cash basis fund activity related to energy contracts including the beginning balance of unspent proceeds, current year proceeds, investment earnings, payment to contractors, other payments (excluding debt service) and ending balance of unspent proceeds.Provide whether amounts are recorded in CARS and if so, enter the agency #, fund / fund detail and GLA.Categorize the ending balance of unspent proceeds as cash, cash equivalents, or investments and complete attachment 20 – Schedule of Cash, Cash Equivalents, Investments at June 30.
3	<ul style="list-style-type: none">Provide total payments to contractors made in July and August 2006, which relate to expenditures incurred by 6/30.Provide total expenditures to contractors as of 6/30 for which payments were made after August 31, 2006.Provide retainage payable as of 6/30.

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**Completing the
"Capital
Assets" tab**

The contact information is linked to the Debt Worksheet Tab. Cells that require input are shaded in light yellow.

Step	Action
1	<ul style="list-style-type: none">Answer yes or no as to whether capitalized equipment valued at \$50,000 or more and / or buildings / construction in progress valued at \$100,000 or more were acquired with energy contract proceeds
2	<ul style="list-style-type: none">If you answered yes in step 1, answer yes or no as to whether any payments to contractors on the Fund Activity tab resulted in purchases of capital assets.If yes, complete the schedule at step 2If no, explain why in step 2 and complete the schedule at step 3

**Function codes
defined**

Functional codes are the first number in every program code. For example, program code 1031000 "Community Services" would fall under the "Education" function. Each functional code and its corresponding description are below.

- 1 – Education
- 3 – Administration of Justice
- 4 – Individual and Family Services
- 5 – Resources and Economic Development
- 6 – Transportation
- 7 – General Government
- 8 – Enterprises

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